

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /033 W  
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FM AMEMBASSY WARSAW

TO SECSTATE WASHDC PRIORITY 2190

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E.O. 11652: N/A

TAGS: EAIR PL US

SUBJ: CIVAIR, AIR FARES AND CHARTERS

REF: (A) STATE 292234, (B) WARSAW 8683

1. SUMMARY. POLISH OFFICIALS HAVE TOLD US THAT, IN THE ABSENCE OF A US-POLISH AGREEMENT ON CHARTER FLIGHTS, THE GOP WILL CONTINUE ITS CURRENT POLICY ON CHARTERS. THEY SAID A GOVERNMENTAL AGREEMENT WOULD, UNDER POLISH LAW, SUPERSEDE EXISTING REGULATIONS. THEY SAID THESE REGULATIONS REQUIRED THE GOP TO REJECT PAN AM'S FILING OF ABC CHARTERS. AFTER DISCUSSION OF THE STRONG LINKAGE WHICH THE USG SEES BETWEEN CONTINUATION OF SUPER-APEX FARES AND ADOPTION OF A LIBERAL CHARTER POLICY BY THE GOP, THE POLISH OFFICIALS SAID THEY UNDERSTOOD THAT THE TWO SUBJECTS ARE RELATED. THEY ASKED THE USG TO MAKE AN EARLY DECISION ON CONSULTATIONS IN ORDER NOT TO PROLONG THE UNCERTAINTY NOW LIMITING MARKETING ACTIVITIES OF LOT AND PAN AM. THE POLISH OFFICIALS AGREED TO EXCHANGE NOTES ON TEMPORARY INTRODUCTION OF SUPER-APEX FARES AS PROPOSED IN REF A. END SUMMARY.

2. EMBASSY OFFICERS ON DECEMBER 13 MET WITH LUKASIK OF THE LEGAL DEPARTMENT OF THE MINISTRY OF FOREIGN AFFAIRS, ZYLICZ OF THE CIVIL AVIATION ADMINISTRATION, HAMERSKI OF THE MINISTRY OF TRANSPORTATION, AND A REPRESENTATIVE OF LOT POLISH AIRLINES TO  
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DISCUSS THE POINTS RAISED IN REF A.

3. THE POLES AGREED TO AMEND THEIR NOTE OF ACCEPTANCE OF THE NEW FARE PROPOSAL (WARSAW 8683) TO CONFORM WITH THE U.S. NOTE. WE SHALL NOW EXCHANGE AMENDED NOTES AS SUGGESTED IN PARAGRAPH 4(A) OF REF A.

4. THE EMBASSY OFFICERS SAID THE US SIDE WOULD NOT BE PREPARED TO BEGIN CONSULTATIONS IN DECEMBER. MOREOVER, THE USG DOUBTS WHETHER NEW CONSULTATIONS WOULD BE MEANINGFUL. WE EMPHASIZED THE POINTS RAISED IN REF A REGARDING THE FAILURE OF THE GOP TO LIBERALIZE ITS TREATMENT OF CHARTERS.

5. HAMERSKI SAID THE GOP HAD NO CHOICE BUT TO DISAPPROVE THE PAN AM APPLICATION AS IN VIOLATION OF POLISH REGULATIONS. ZYLICZ SAID APPROVAL OF PAN AM'S LARGE LIST, WHICH WAS COMPOSED ALMOST ENTIRELY OF ABC CHARTERS, WOULD HAVE OPENED UP THE FLOOD GATES TO SIMILAR FILINGS BY OTHER US CARRIERS. THE GOP, ZYLICZ SAID, CANNOT ACCEPT THE POSSIBILITY OF CHARTER FLIGHT CAPACITY EXCEEDING THE CAPACITY OF THE SCHEDULED AIR CARRIERS. HAMERSKI SAID THE GOP WANTS TO ASSURE THAT THE SCHEDULED CARRIERS WOULD BE COMPETITIVE WITH THE NON-SCHEDULED CHARTER OPERATORS, BUT THAT THIS IS A SEPARATE QUESTION FROM THE FARE PROBLEM. THE POLES SAID FURTHER THAT THEY WERE WILLING TO DISCUSS EITHER A SEPARATE CHARTER AGREEMENT OR AN "EXTENDED AIR AGREEMENT" COVERING CHARTER OPERATIONS. THEY SAID ANY INTERNATIONAL AGREEMENT WOULD SUPERSEDE THE POLISH LAWS GOVERNING CHARTER OPERATIONS. IN RESPONSE TO OUR DIRECT QUESTION, THEY SAID THAT, ALTHOUGH ABC CHARTERS ARE NOW CANCELLED FOR NEXT SUMMER, THIS WOULD BE A NEGOTIABLE POINT IN ANY FUTURE CONSULTATIONS BETWEEN THE UNITED STATES AND POLAND. THEY EMPHASIZED THAT THEY WISHED TO DISCUSS OTHER TOPICS DURING THE NEXT CONSULTATIONS. THEY WILL SEND US A LIST OF THESE TOPICS, WHICH WE AGREED TO FORWARD TO THE DEPARTMENT.

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WE ALSO SAID WE WOULD ASK FOR A RESPONSE TO THE POLISH REQUEST FOR CONSULTATIONS.

6. THE POLES WERE CONCERNED ABOUT THE UNCERTAINTY ON THE RATE STRUCTURE FOR U.S.-POLISH AIR OPERATIONS FOR THE SUMMER OF 1978. THEY SAID TRAVEL AGENTS IN THE UNITED STATES ARE UNABLE TO SELL FOR THE SUMMER SEASON IF THEY DO NOT HAVE INFORMATION ON FARES. THE LOT REPRESENTATIVE SAID THIRD-COUNTRY AIRLINES ARE BEGINNING TO MOVE INTO THE MARKET AND SELL TICKETS TO POLAND VIA CITIES SUCH AS COPENHAGEN, FRANKFURT, AND LONDON. GG HE SAID THE LONGER THE RATE STRUCTURE REMAINS UNDECIDED, THE GREATER OPPORTUNITY THESE AIRLINES WILL HAVE TO CAPTURE A SUBSTANTIAL SHARE OF THE MARKET. THE POLES EXPRESSED ANXIETY TO HOLD EARLY CONSULTATIONS TO HELP RESOLVE THESE PROBLEMS.

7. WE AGAIN BROUGHT UP THE PAN AM PROPOSAL TO FLY 727 AIRCRAFT INTO WARSAW ON A DAILY BASIS TO COMPENSATE FOR THE REFUSAL OF THE GOP TO ACCOMMODATE THE 747 DURING THE SUMMER OF 1978. BOTH HAMERSKI AND ZYLICZ SAW NO PROBLEM WITH THIS PLAN. THE GOP WILL TAKE FORMAL ACTION ON IT UPON RECEIPT OF AN APPLICATION FROM PAN AM. WE HAVE SO ADVISED THE LOCAL PAN AM OFFICE. ZYLICZ SAID FURTHER THAT HE DID NOT THINK POLAND WOULD BE ABLE TO ACCOMMODATE

THE 747 UNTIL 1980 OR 1981. WE SAID THE PAN AM PLAN WAS INTENDED FOR ONLY ONE YEAR DURATION AND THE USE OF 727'S DID NOT MEAN THE U.S. WAS NO LONGER INTERESTED IN PURSUING FURTHER THE 747 ISSUE. LUKASIK MENTIONED THAT POLAND HAD PROPOSED IN THE SEPTEMBER CONSULTATIONS IN WASHINGTON THAT PAN AM SHARE THE EXPENSES OF PROVIDING FACILITIES FOR THE 747, BUT HAD NOT RECEIVED A REPLY.

8. WE WILL FORWARD TO THE DEPARTMENT THE POLISH ACCEPTANCE OF THE NEW FARE PROPOSAL. PLEASE LET US KNOW WHEN CAB ACTION ON THE NEW FARES MAY BE EXPECTED.

DAVIES

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## Message Attributes

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